

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF NORTH CAROLINA
CHARLOTTE DIVISION**

| | | |
|-------------------------------------|---|------------------------|
| In re: |) | |
| |) | |
| THAXTON LIFE PARTNERS, INC., et al. |) | Chapter 11 |
| |) | |
| Debtors |) | Case No. 03-34244 |
| |) | (Jointly Administered) |
| |) | |

FILED
U.S. Bankruptcy Court
Western District of NC
SEP 30 2004
David E. Welch, Clerk
Charlotte Division
BWH

**JUDGEMENT ENTERED ON SEP 30 2004
ORDER GRANTING SECOND JOINT MOTION OF THE TRUSTEE AND OFFICIAL
COMMITTEE OF UNSECURED CREDITORS FOR AN ORDER TRANSFERRING
THE CASES TO THE UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT
OF DELAWARE**

THIS CAUSE came before the undersigned United States Bankruptcy Judge for hearing on September 27, 2004 upon the Second Joint Motion of the Trustee and Official Committee of Unsecured Creditors for entry of an order transferring these cases to the United States Bankruptcy Court for the District of Delaware ("Motion"),¹ and the Court having reviewed the pleadings and heard the testimony of the witnesses and the arguments of counsel, and finding that good and sufficient notice was given to all parties in interest, the Court hereby FINDS as follows:

1. On September 17, 2004, the Trustee and the TLP Committee filed the Motion. The only objection to the Motion was filed by the Group Debtors.

2. The Court finds that transfer of the TLP Cases to Delaware is appropriate under 28 U.S.C. § 1412, 11 U.S.C. § 105(a), and Bankruptcy Rule 1014(a) and in the interests of justice. The TLP Substantive Consolidation Motion raises significant questions, there are substantial amounts at stake and there are numerous parties involved in the dispute over substantive consolidation. The Court finds that transfer is necessary to eliminate the procedural whipsaw in which the Trustee and the TLP Committee find themselves. The only way to have

¹ Capitalized terms not otherwise defined have the meanings ascribed to them in the Motion.

the TLP Substantive Consolidation Motion decided on the merits is to have both the TLP Cases and the Group Cases pending before one court.

3. The Court does not find that the prospect of a higher distribution to creditors is sufficient to justify a transfer, but the Court does find that the prospect of a proper distribution to all creditors is in the interests of justice and is an appropriate basis for transfer of the TLP Cases. Having a proper forum to resolve the TLP Substantive Consolidation Motion is in the interests of justice.

4. The Court finds that the Motion is not untimely and the Trustee and the TLP Committee have not waived the right to seek transfer of the TLP Cases to Delaware. In fact, the Motion may be more timely now than if it had been filed at the beginning of the TLP Cases. Moreover, simply because some decisions have been made by this Court in the TLP Cases is not ground for finding that the Motion is untimely.

5. The Court need not address or determine the Group Debtor's contention that Thaxton Reinsurance, Ltd. is not a proper debtor under Section 109 of the Bankruptcy Code. That issue can be addressed if properly raised before the Delaware Court.

Therefore, it is HEREBY ORDERED, ADJUDGED, and DECREED pursuant to 28 U.S.C. § 1412, 11 U.S.C. § 105(a) and Bankruptcy Rule 1014(a) that:

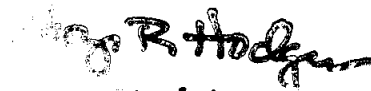
- A. The Motion is granted;
- B. The Chapter 11 bankruptcy cases which are being jointly administered in this matter (as set forth below) are hereby transferred to the United States Bankruptcy Court for the District of Delaware:

In re Thaxton Life Partners, Inc., 03-34244 (main case)
In re Thaxton RBE, Inc., 03-34243
In re Thaxton Reinsurance, Ltd., 03-34245
In re Thaxton Insurance Group of Arizona, Inc., 03-34246
In re Thaxton Insurance Group of New Mexico, Inc., 03-34250

In re Thaxton Insurance Group of Nevada, Inc., 03-34249
In re Oasis Insurance Agency, Inc., 03-34251
In re U.S. Financial Group Agency, Inc., 03-34248
In re Claims Management Services, Inc., 03-34247
In re Summerlin Insurance Agency, Inc., 03-34253;

C. The clerk shall take all steps necessary to effectuate this order and transfer the Cases to the United States Bankruptcy Court for the District of Delaware.

D. All deadlines which are pending in the TLP Cases, specifically including any deadline under Section 362(e) of the Bankruptcy Code or any other pleading, are stayed and tolled through such time as the Delaware Court conducts its first regularly scheduled omnibus hearing on the TLP Cases.



United States Bankruptcy Judge

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF NORTH CAROLINA
Form for Tender of Order or Judgment

- I. Case Name: Thaxton Life Partners, INC., et al.
03-34244
 Base Case No: _____ Chapter: 11 Adv. Proc. #: _____
 Adv. Proc. Name: _____
 Primary Relief: Order Granting Second Joint Motion of the Trustee and Official Committee
of Unsecured Creditors For an Order Transferring Cases to USBC for the
District of Delaware
- II. _____ Consent Order _____ Order after "No-Protest Notice" with No
 _____ Ex Parte Order Submitted With Motion Objection or Response
x Pursuant to Court's Oral Ruling at Hearing on: 9/27/04
 _____ Other Order _____
- III. _____ No Opposing Counsel or Party
 _____ Form of Order Approved by Opposing Counsel
X Date Opposing Party/Counsel was Served with Copy of Proposed Order and this Form: _____
- IV. Order will be Tendered to the Court on: 9/29/04
- V. _____ Return filed order in enclosed self-addressed, stamped envelope to attorney who prepared order.
- VI. Attorney Preparing Order: William Esser
Parker Poe Adams & Bernstein
 Address: 401 South Tryon Street
Charlotte, NC 28202
 City, State and Zip: (704) 372-9000
 Telephone and Bar Number: _____ BAR# 29201
 Representing: Official Committee of Unsecured Creditors

**INFORMATION MUST BE COMPLETED IN EACH SECTION (I-VI) OR THE COURT
MAY REJECT THE ORDER AS SUBMITTED**

Pursuant to Local Rule 9021-1 form to be tendered with proposed order or judgment.